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DEPOSITORY

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WORLD HOG AND PORK PROSPECTS

Summary

Hog prices in November in both the United States and Europe averaged lower than in October. Prices in the United States advanced during the second week in November, largely as a result of a falling off in slaughter supplies, but all of the gain was lost during the remainder of the month. Inspected hog slaughter in this country for November was about 10 per cent less than in the same month in 1931. Domestic prices of pork and lard were steady to lower during November. In Europe pork prices declined somewhat during the month, but lard prices were higher.

The most important feature in British trade developments during the last month has been the adoption of a temporary agreement to limit imports of bacon and hams into the United Kingdom during the next 3 months. For the 3 months beginning November 23, the agreement provides for a limitation of such imports to a level 15 per cent below the average imports, August to October 1932. In October bacon imports were greatly increased, the total for the month being the second largest on record. Some decrease in receipts of bacon occurred during the first 3 weeks of November. Ham imports into Great Britain were also larger in October. Lard imports during the month were seasonally larger than in September and were also above those in October 1931.

United States exports of pork and lard during October were larger than in September. Pork exports during the month were considerably under those of October a year earlier, but lard exports were about 20 per cent greater and were the largest for any month since December 1931. Shipments of pork and lard from the principal ports during November were smaller than in October.

United States

The steady decline in hog prices which had been under way since late summer brought prices in early November down to the low levels of last May, but prices advanced sharply during the second week in November as a result of materially reduced market supplies. This advance, however, was of brief duration and prices were lower during the last 2 weeks of the month. The average price at Chicago for the week ended December 3 was $3.19 about the same as for the first week of November. The average price at Chicago for the entire month of November was $3.34 per 100 pounds as compared with $3.50 in October and $4.61 in the corresponding month in 1931. In recent weeks there has been some tendency for heavy weight hogs to sell at a discount under light weight hogs because of the relatively heavy weights of hogs marketed, but the spread between prices of the different weights groups of hogs is still relatively narrow as is usual for this time of year.

Partly as a result of the very low level of prices, slaughter supplies were reduced considerably during the first 2 weeks of November, but as prices advanced marketings increased somewhat. Slaughter under Federal inspection during the month amounting to 3,776,000 head was only 4.8 per cent larger than in October, but it was 10.6 per cent smaller than in November last year. The smaller slaughter during both November and October as compared with a year earlier has been offset in part by the heavier weights of hogs marketed. This increase in average weight has been due largely to the fact that the relationship between hog prices and corn prices has been favorable for feeding this fall.

The 1932 corn crop, according to the report of the Crop Reporting Board in November, was estimated to be 2,921,000,000 bushels, the largest production since 1923. For the country as a whole, the crop was estimated at about 14 per cent larger than that of 1931. In the Corn Belt States where most of the commercial supply of hogs is produced, the increase amounted to about 25 per cent. This relatively large production has been accompanied by continued declines in corn prices during recent months. Although prices were fairly steady during November, the average price of No. 3 Yellow corn at Chicago of 24.7 cents per bushel for November was the lowest monthly average for that market in more than 50 years. Based on Chicago prices, the hog-corn price ratio for the month was 13.3 as compared with 13.6 in October and 10.8 in November 1931.

Wholesale prices of fresh pork advanced somewhat during the first half of November, but most of advance was lost during the last week of the month and first week in December. Prices of cured pork and lard were fairly stable during November with some tendency to decline towards the end of the month.

United States exports of both pork and lard in October were larger than in September. Total pork exports in October were 7 per cent larger than during the preceding month, but they were about 25 per cent smaller than those of October a year ago. Lard exports were 19 per cent larger than in September and also 22 per cent larger than those of the same month in 1931. Shipments of pork and lard from the principal ports in November were smaller than in October.

Bacon exports in October amounting to 1,492,000 pounds were 26 per cent larger than in September but they were only about one-half as large

as those of October last year. The larger export movement in October as compared with September was due largely to the increase in the takings of the United Kingdom and Sweden, since shipments to other countries were not greatly different from those in September.

Exports of hams and shoulders during October amounting to 3,084,000 pounds were about the same as in September, but they were 10 per cent smaller than in October last year. Takings of these cuts by the United Kingdom, the principal importing country, were slightly larger than in the preceding month, but shipments to Cuba were reduced somewhat.

Lard exports in October totaling 53,840,000 pounds were larger than for any other month since last February and were the largest for the month since 1929. Shipments to both the United Kingdom and Germany, the chief foreign outlets for American lard, were larger than in September or in October a year ago. Exports to Germany in October amounting to 19,615,000 pounds were the largest for any month since December 1931, and shipments to the United Kingdom of 21,130,000 pounds were the largest since last June.

Canada

The price of bacon hogs at Toronto made a new low of $3.27 per 100 pounds for the month of November. In November last year bacon hogs brought $4.65 per hundred pounds. Marketings during November this year have been considerably less than last year but greater than during the same month of 1930. The total volume marketed during the 4 weeks ended November 24 was 177,000 head compared with 277,000 during the same weeks last year and 194,000 in the same period of 1930. Gradings of hogs at stockyards and packing plants have been smaller than last year for the last 3 months, but the total for January to November 1932, reported as 2,762,000 head is 2.5 per cent above that of the same period of 1931. During the remainder of the year marketings are expected to be less than they were a year earlier. The proportions of the principal grades of hogs marketed in the total thus far in 1932 are as follows, the percentage for 1931 being shown in parenthesis: Selects, 15.2 (15.2); bacons 41 (39); butchers 28 (31); heavies 2 (3); lights and feeders 10 (8). During the 5 years 1927 to 1931 the percentage of selects decreased from 17 per cent to 15 per cent. The proportion of the total graded as bacon hogs in 1931 was 39 per cent compared with only 36 per cent in 1929, whereas, the proportion graded as lights and feeders was 8 per cent in 1931 compared with only 6 per cent in 1929 and 5 per cent in 1927.

The recent encouragement given Canadian hog raisers to produce increased supplies of bacon for export to the British market will undoubtedly lead eventually to an increase in the proportion of selects raised, as that is the type from which the Wiltshire sides demanded by the British market are cut. However, at the present rate of increase it will take Canadian hog raisers some time to produce a surplus of 280,000,000 pounds of bacon, the quantity decided upon at the Ottawa Conference as the maximum amount of Canadian bacon to be permitted to enter the British market. So far this year, i.e. from January 1 to October 31, total exports of Canadian bacon amounted to only 32,000,000 pounds, 27,000,000 pounds of which went to the United Kingdom. Exports were four times greater than for the same period a year earlier, however.

Hog numbers in five provinces, which produced almost 59 per cent of the total number in Canada in 1931, are estimated at 2,732,000, as of

June 1, 1932, a decrease of 2 per cent compared with 1931. The two western provinces Saskatchewan and Manitoba show decreases of 4 per cent and 13 per cent respectively, whereas the eastern province of Toronto had about the same number as in 1931 and Nova Scotia showed an increase of 22 per cent. Hog numbers showed a very substantial increase in the western provinces in 1931 however.

United Kingdom and Irish Free States

The somewhat seasonal tendency toward lower cured pork prices at Liverpool during November was accentuated by the current weakness in sterling exchange. According to cabled advices from the London office of the Foreign Agricultural Service, the importer-to-wholesaler price of American green bellies averaged lower to $8.13 per 100 pounds, a point 73 cents under the October average, and well under last year. Canadian green sides were down to $7.78 against $8.14 a month earlier despite an upward movement in sterling prices during the last half of November. Danish Wiltshires also tended upward in sterling late in November, but the dollar price averaged $8.37, down 11 cents from October. American short cut green hams stood at $8.62 for November, down nearly $1.00 from October despite some strengthening in sterling prices.

Total bacon imports for October 1932, the first month of the 1932-33 season, reached 114,000,000 pounds, second only to the 126,000,000 pounds imported last March. The increase resulted chiefly from increased shipments from Denmark and Netherlands. Other continental countries sent less. The October total was nearly 5,000,000 pounds larger than that of a year ago. Receipts from Denmark advanced over those of recent months to reach 76,700,000 pounds, one of the heaviest monthly movements on record. The United States contribution was larger than in September, but continued in the low figures of recent months. Irish Free State bacon also was in larger supply than at any time since last April, but the figures were only half as large as in October 1931. Netherlands and other continental countries aside from Denmark increased their total contribution to 35,000,000 pounds, the heaviest receipts from those sources since last June and one of the largest from those sources on record. Ham imports for October, most of which comes from the United States, also advanced to reach nearly 7,500,000 pounds, an increase also over last year's corresponding figures.

The heavy imports noted above anticipated the recent move to limit by agreement the monthly imports of bacon and ham into Great Britain. It has been agreed that for the 2 months beginning November 23,1932, total imports of bacon and ham shall be reduced to 15.3 per cent below the average receipts for the 3 months August - October 1932, according to recent reports from Agricultural Attache E. A. Foley and Meat Specialist H. E. Reed at London. Under the terms of the agreement, Great Britain will receive 90,384,000 pounds of bacon and ham monthly for the 2 months indicated, of which the United States is allotted 4,480,000 pounds.

The largest allotment goes to Denmark as the leading exporting country. Netherlands is next, followed by Poland, Sweden, Lithuania in the order named, with the balance divided among the minor exporting countries. The agreement is part of the British Government's effort to raise prices paid to domestic hog producers, and exporting countries see in it an opportunity to secure higher prices for their products. The result of the restrictions, Mr. Reed reports, is being watched by a Government commission and future action will depend on the effectiveness of the measure in bringing about the desired result. The Commission also must bear in mind the consumer's interest.

During the period October 25 - November 25, weekly arrivals on bacon were smaller than in the preceding 5-week period, except for the week ended November 25. Arrivals in that week were much larger preceding the restriction date (November 23). Most of the increase in the final week came from Denmark. Continental killings were fairly regular during the period under review. Total slaughter on the Continent for export was smaller than in the preceding month. Compared with last year, the killings, except in Netherlands, have averaged lower and have been much more regular. Dutch killings were about triple those of last year. In most countries there was a tendency to increase slaughter for export anticipating the British restrictions. Official information on killings, however, is not now available, and it is reported that such figures may not be released during the 2 months of restricted imports.

American bacon prices at Liverpool declined slightly in sterling early in November because of a limited demand and competition from continental bacon, Mr. Reed states. For about 2 weeks, prices of American green bellies were higher than prices of Danish. The American product advanced later in sympathy with the general rise in bacon prices, but not to the same extent as continental descriptions. Late in November, American bacon was in very light supply and was meeting a definite but limited demand. Prices do not respond to the general supply situation to the same extent as do prices of continental sides. Dollar prices of American bacon have been affected far more by the exchange rate than by fluctuations due to other causes. Canadian bacon also has been in light supply, and prices have followed the trend of continental bacon prices.

Low seasonal demand for ham, accentuated by weather conditions, and increased supplies caused ham prices to decline in late October and early November Ham is included in the recent import limitations. Consequently, in anticipation of reduced supplies and in sympathy with rising bacon prices, ham prices have appreciated in sterling. Ham imports from the United States in October marked the first time this year that such imports were equal to the imports of the same month last year. Polish and Canadian supplies declined from September 1932 levels but receipts from Canada were 43 per cent larger than a year ago. Argentine arrivals were 25 per cent larger than in October 1931. In November, 1932, however, total ham imports were smaller for the first 3 weeks than in the corresponding October period. Reductions occurred in receipts from the United States and Canada, but Poland and Argentina sent larger quantities.

Despite the exchange situation, sterling prices of American refined lard at Liverpool rose sufficiently to have a gold equivalent of $7.66 per 100 pounds, a slight advance over October figures. The usual tendency is for lard prices to weaken somewhat in November. December 1 stocks of refined lard at Liverpool were unusually small at 695,000 pounds, and were also smaller than a year ago. Lard imports during October showed the usual gain over September and were larger than last year, but were still moderate for that time of year. The consumer demand for lard in the month ended November 25 was not maintained at the preceding month's levels. This fact, coupled with increased supplies and the stocks position, prevented the price advances of November from being fully maintained. Lard prices advanced up to the end of the third week in November, when they went below the average for the whole month.

Receipts of fresh British and Irish pork at London Central Markets during November, at 9,394,000 pounds, were in keeping with the seasonally larger autumn supplies, but were smaller than similar figures for 1931. Since November 9, pork imports from the Irish Free State have been paying 30 per cent duty, an increase of 10 per cent, and the rate on live hogs has stood at 40 per cent since that date, just double the preceding rate. Mr. W. J. Reed, livestock and meat

specialist in London for the Foreign Agricultural Service, reports that during November there was an appreciable withholding of fat pigs from the market in anticipation of a price increase incidental to the current plan of limiting imports of bacon and ham. Prices actually did advance somewhat in November, and British producers are reported as expecting additional benefits from both the immediate limitations and whatever additional steps that may be taken as a result of the recent report of the Pig Reorganization Commission. Indications are that such steps will be determined very considerably by the outcome of the temporary import limitations now in force.

Countries Important in British Market Supplies

Following the agreement to limit bacon exports to Great Britain during December and January, the management of the Danish Cooperative Bacon Factories has been urging hog raisers to reduce numbers of animals on farms as rapidly as possible. There are no indications as to how an acceleration of the reduction already under way for some months is to be accomplished without increasing heavily the current market supplies of pork. Killings in Denmark in mid-November were considerably smaller than in preceding recent weeks, Mr. Reed reports. It will be several weeks, however, before the new restrictive measures are reflected in smaller export figures. Total bacon exports for October were placed somewhat lower than that of October 1931. It is apparent that the 1932-33 season is opening on a basis of Danish supplies smaller than those of 1931-32. British imports of Netherlands bacon in October reached nearly 17,000,000 pounds, a record in monthly receipts from that source and nearly twice the volume imported in October 1931.

Germany

The usual October decline in German hog prices brought the Berlin average for heavy hogs down to $6.36 per 100 pounds for November, according to information cabled from the Berlin office of the Foreign Agricultural Service. That figure was 58 cents under the November 1931 average, and the lowest for that month in many years. Hog receipts at 14 cities during November give promise of running heavier than in October, when they reached 273,000 head, the lowest for October since 1926. October slaughter at 36 centers was smaller than last year at 363,000 head. The 1932-33 marketing season has opened with producers giving indications of withholding market supplies, but so far such procedure has not been reflected in stronger prices. The downward movement of recent months to October 31 has been accompanied by an upward movement in barley prices to levels above those of last year. Prices of feed potatoes also have advanced, although during October they were still under 1931 figures.

The November strengthening of the Hamburg lard market brought the monthly average up to $8.59 per 100 pounds. That figure is the highest registered since December 1931, and shows a movement contrary to the usual one registered for November. Total lard imports in October advanced over those of any month in recent years to reach 27,500,000 pounds. Prices during August and September were still near the low levels reached in June and July. Assistant Agricultural Commissioner D. F. Christy states that the German demand for American lard gives indications of improving in proportion to the decrease in German hog production now under way. In addition, the declining hog numbers in Denmark forecast less competition from that source. The large imports of American lard into Germany during the first part of 1932 are

attributed, partially at least, to depleted stocks and to the desire to import before the increased duty on lard went into effect on July 1.

Allotments of foreign exchange continue to limit lard imports below trade requirements, Consul Schnare at Hamburg reports. The October allotments remained on the basis of 50 per cent of the amount used in the corresponding 1931 period, and were expected to remain on that basis for November and December. A cable of December 6 from the Berlin office of the Foreign Agricultural Service states that the new German cabinet has definitely abandoned the plan of additional agricultural import contingents. It is expected, however, that imports of lard will be restricted as at present until January-February 1933, when trade treaties with Yugoslavia, Netherlands and Sweden expire. Thereafter, the way will be cleared for an advance in import duties.

Hogs and pork products: Foreign and domestic average prices per 100 pounds for the month indicated, and stocks at the end of each month

Item	Oct. 1909-1913 average	Oct. 1925-1929 average	Oct. 1931	Sept. 1932	Oct. 1932
Prices -	Dollars	Dollars	Dollars	Dollars	Dollars
Hogs, Chicago, basis packers' and shippers' quotations	7.93	10.67	5.09	4.00	3.50
Corn, Chicago, No. 3 Yellow	1.12	1.55	.68	.54	.46
Hogs, heavy, Berlin, live weight	12.27	16.82	9.60	8.68	8.64
Potatoes, Breslau feeding	.31	.49	.33	.24	.26
Barley, Leipzig	1.70	2.20	1.70	1.72	1.79
Lard -					
Chicago	11.20	15.51	8.58	6.75	6.25
Liverpool	12.50	14.95	9.37	7.58	7.22
Hamburg	25.37	15.52	10.27	8.19	8.16
Cured pork -					
Liverpool -					
American short cut green hams	14.30	25.19	15.72	11.86	9.81
American green bellies	- -	22.81	12.29	9.53	8.63
Danish Wiltshire sides	15.50	24.33	11.35	11.16	8.48
Canadian green sides	14.87	a/ 22.71	b/	b/	8.14
Stocks -	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United States -					
Processed pork a/	- -	437,982	330,895	498,523	432,163
Lard in cold storage	- -	73,010	39,766	70,656	54,358

a/ 3-year average only. b/ No quotation. c/ Dry salt cured and in process of cure; pickled, cured, and in process of cure, and frozen.

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Hogs and pork products: Indices of foreign supplies and demand

Country and item	Unit	Oct. 1909-10 to 1913-14 average	Oct. 1924-25 to 1928-29 average	Oct. 1929	Oct. 1930	Oct. 1931	Oct. 1932
UNITED KINGDOM:							
Production -							
Supplies, domestic fresh pork, London..	1000 pounds	- -	6,747	7,838	7,972	10,013	9,130
Imports -							
Bacon -							
Denmark	"	20,330	40,385	47,486	70,906	71,154	75,730
Irish F. State	"	- - -	6,261	6,129	3,657	4,335	2,164
United States	"	14,312	8,439	3,463	967	1,287	261
Canada	"	1,799	6,979	1,624	172	920	1,056
Others	"	4,914	12,237	13,700	20,107	31,356	35,099
Total	"	41,405	74,301	72,402	95,809	109,051	114,310
Ham, total	"	6,322	7,979	8,105	5,792	7,217	7,497
Lard, total ...	"	26,031	18,836	21,844	22,897	17,329	19,799
DENMARK:							
Exports -							
Bacon	"	- - -	39,596	45,310	67,869	74,611	74,261
CANADA:							
Slaughter -							
Hogs, inspected	1000's	141	219	207	160	247	189
GERMANY:							
Production -							
Hog receipts 14 cities	"	- - -	274	295	310	319	273
Hog slaughter 36 centers ...	"	379	335	357	418	430	363
Imports -	1,000						
Bacon, total ..	pounds	282	2,470	1,839	1,728	4,877	4,623
Lard, total ...	"	18,871	20,484	20,480	14,364	18,641	27,535
UNITED STATES:							
Slaughter -							
Hogs, inspected	1000's	2,421	3,294	3,857	3,492	3,722	3,607
Exports -							
Bacon -	1000						
United Kingdom	pounds	9,453	4,726	2,565	1,114	572	269
Germany	"	132	1,491	760	128	818	25
Cuba	"	627	1,728	1,803	677	663	376
Total	"	14,175	11,750	9,858	3,268	2,944	1,492
Hams, shoulders							
United Kingdom	"	9,018	9,857	5,767	4,004	4,560	4,356
Total	"	10,986	11,962	7,580	5,259	5,628	5,064
Lard - (Excluding neutral lard)							
United Kingdom:	"	9,689	15,757	19,965	23,554	15,950	21,064
Germany	"	11,515	12,942	18,270	2,908	14,211	19,590
Cuba	"	2,810	6,661	6,494	3,923	4,249	377
Netherlands .	"	2,590	2,587	3,545	625	1,569	4,489
Total	"	33,825	52,553	70,698	41,396	43,547	53,573

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